GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:750
ANSWERED ON:28.07.2005
PRODUCTION COST OF PETROL AND DIESEL
Chinta Mohan Dr. ;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the present costs of production of petrol and diesel in the country have been calculated as Rs.17.50 and Rs.18.53 per litre respectively;

(b) if so, the rates at which India import crude oil from the International market;

(c) whether the aforesaid products are being sold at higher prices to the consumers in the domestic market as compared to their cost of production; and

(d) if so, the reasons therefor ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): The basic price of petrol and diesel in Delhi exclusive of duties and taxes is Rs.17.40 and Rs.18.42 respectively.

(b):The rates of the Indian basket of crude oil during the recent past are placed at Annex I.

(c) & (d): Yes, Sir. The retail selling prices are higher than the cost of production as they include, in addition to the basic price, applicable excise duty, state taxes, VAT, dealers` commission, etc. besides notional freight from the nearest refinery. The price build up of petrol and diesel at Delhi is at Annex II.

ANNEX-I

Trend in the international oil prices

Period	Crude oil (Indian Basket)
2000	27.29
2001	23.52
2002	24.38
2003	27.75
2004	35.86
JAN 2005	40.99
FEB 2005	42.58
MAR 2005	49.27
APRIL 2005	49.47
MAY 2005	47.04
JUNE 2005	52.75
8.7.2005	57.27

Increase in international prices in June 2005 over 2002 216%

ANNEX-II

Price buildup of petrol and diesel at Delhi

Share of duties and taxes in Retail Selling Price of Petrol

Rs./litre

S. No.	Particulars	Delhi
1	Price without Customs Duty, Excise Duty and Sales tax components	17.40
2.1	Custom Duty (@10% included in RTP) based on RTPs applicable for 1st fortnight of July`05	1.60 (4%)
2.2	Excise Duty (levied @8% + Rs.13.00/litre and education cess thereon)	14.74(36%)
2.3	Sales Tax (incl. Irrecoverable taxes)	6.75 (17%)
2.4	Total of Customs Duty, Excise Duty and Sales tax components	23.09 (57%)
3	Retail Selling Price at Delhi (1+2.4)	40.49

= Figures in brackets give the components of customs duty, excise duty and sales tax as a % of S.No. 3.

Share of duties and taxes in retail selling price of Diesel

Rs./litre

S. No.	Particulars	Delhi
1	Price without Customs Duty, Excise Duty and Sales tax components	18.42
2.1	Custom Duty @10% included in RTP) based on RTPs applicable for 1st fortnight of July`05	1.94 (7%)
2.2	Excise Duty (levied @8% + Rs.3.25/litre plus 2% education cess thereon)	4.93 (17%)
2.3	Sales Tax (incl. Irrecoverable taxes)	3.16 (11%)
2.4	Total of Customs Duty, Excise Duty and Sales tax components	10.03 (35%)
3	Retail Selling Price at Delhi (1+2.4)	28.45

= Figures in brackets give the components of customs duty, excise duty and sales tax as a % of S. No. 3.